

Message Text

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FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 0053

INFO AMEMBASSY KINGSTON

C O N F I D E N T I A L GEORGETOWN 1287

LIMDIS

E.O. 11652: GDS

TAGS: EMIN, EFIN, GY

SUBJECT: REYNOLDS CORPORATE TAX ASSESSMENT DEADLINE

REF: GEORGETOWN 1272 AND MATTHEWS/NORTON TELECON JULY 23

1. PRIME MINISTER BURNHAM CALLED ME ABOUT 5 PM JULY 23 TO SAY THAT HIS LEGAL ADVISORS HAD COMPLETED THE REVIEW HE HAD REQUESTED AND HAD TOLD HIM THAT GOG HAS NO POWER TO RELAX THE REQUIREMENT OF DEPOSITING THE TAX PRIOR TO APPEAL OR TO EXTEND THE TIME ALLOWED FOR SUCH DEPOSIT. HE, THEREFORE REGRETTED THAT HE COULD NOT REPEAT NOT ACCEDE TO OUR REQUEST.

BURNHAM ADDED THAT IF REYNOLDS PREFERRED IT COULD DEPOSIT TWO-THIRDS OF THE TAX WITH THE ADMINISTRATIVE APPEALS BOARD, DEPOSITING THE REMAINING THIRD ONLY IN THE EVENT THAT THE ADMINISTRATIVE BOARD RULES AGAINST THEM AND IF REYNOLDS THEN DESIRES TO APPEAL THROUGH THE JUDICIAL SYSTEM. HE HAD EARLIER IN THE DAY TOLD ME THAT AS A FOREIGN COMPANY, REYNOLDS HAD THIRTYDAYS RATHER THAN THE FIFTEEN DAYSREQUIRED OF A LOCAL COMPANY FOR SUCH ADMINISTRATIVE APPEAL).

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2. I IMMEDIATELY INFORMED LOCAL REYNOLDS MANAGER, WHO CONFIRMED HIS EARLIER INFORMATION TO ME (REFTEL) THAT REYNOLDS HAD ALREADY DEPOSITED ROUGHLY ONE-HALF OF THE SUM IN DISPUTE. SINCE I HAD NOW INFORMED HIM THAT THE DEADLINE WOULD NOT BE EXTENDED, HE ADDED THAT REYNOLDS WOULD DEPOSIT THE REMAINDER JULY 24 AS HIS LAWYER BELIEVES IS REQUIRED. I SUBSEQUENTLY INFORMED ARA/CAR OF BURNHAM'S DECISION AT AROUND 5:15 PM JULY 23 BY TELEPHONE.

3. COMMENT: OUR READING OF THE TAX LAW INDICATES THAT THE ADMINISTRATIVE APPEAL PROCESS REQUIRING ONLY TWO-THIRDS DEPOSIT MUST BE MADE WITHIN FIFTEEN DAYS OF NOTIFICATION, WITH NO SPECIAL PROVISION FOR FOREIGN COMPANIES. BURNHAM, THEREFORE, MAY HAVE BEEN IN ERROR ON THAT SIDE ISSUE, BUT THE IMPLICATION OF HIS POINT WOULD SEEM TO BE THAT HE WAS TRYING TO BE HELPFUL. LOCAL REYNOLDS MANAGER SAID HIS LAWYER HAD EARLIER RECOMMENDED SKIPPING THE ADMINISTRATIVE APPEAL TO MOVE DIRECTLY INTO JUDICIAL. IN LIGHT OF DESIRABILITY OF DELAY OF DEPOSIT IN ORDER TO BETTER DETERMINE GOG'S LONG RANGE INTENTIONS, IF FINAL RESULT TURNS OUT TO BE EXPROPRIATION, ALTERNATIVE DECISION BY REYNOLDS LAWYER MIGHT HAVE SAVED REYNOLDS AND POSSIBLY OPIC ABOUT ONE MILLION US DOLLARS, BUT THAT IS NOW LIQUID ASSETS OVER THE DAM. MATTHEWS

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